

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10

COME-00 AGRE-00 SP-02 USIA-06 AID-05 NSC-05

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 PRS-01 ITC-01 L-03

H-01 IO-13 /118 W

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R 051055Z APR 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2352

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY BOGOTA

AMEMBASSY YAOUNDE

AMEMBASSY JAKARTA

AMEMBASSY ABIDJAN

AMEMBASSY KINSHASA

AMEMBASSY ADDIS ABABA

AMEMBASSY SAN JOSE

AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

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FOR: EB/TRP - MR. O'DONNELL

E.O. 11652: N/A

TAGS: EPAP

SUBJECT: COFFEE -- REPORT OF MEETING OF THE ICO EXECU-
TIVE BOARD

REFERENCE: LONDON 5246

1. SUMMARY. THE EXECUTIVE BOARD OF THE INTERNATIONAL COFFEE ORGANIZATION (ICO) MET MARCH 24, 1977. THE AGENDA INCLUDED, INTER ALIA, THE REPORT OF THE WORKING GROUP (WG) ON SUPPLY AND DEMAND, VERIFICATION OF STOCKS, THE CERTIFICATES OF ORIGIN SYSTEM, AND FINANCE. COLOMBIA OBTAINED NO SYMPATHY FOR ITS CONTENTION THAT ITS OWN STOCKS AND THOSE OF OTHER PRODUCERS HAD BEEN OVER COUNTED BY THE ICO, WITH THE RESULT THAT THE WORLD SUPPLY SITUATION WAS CONSIDERABLY TIGHTER THAN ICO ESTIMATES. INDEED, MANY DELS FELT COLOMBIAN TACTICS TENDED TO UNDERMINE THE ORGANIZATION. END SUMMARY.

2. THE EXECUTIVE BOARD OF THE ICO MET ON MARCH 24, 1977 UNDER THE CHAIRMANSHIP OF SAMUEL W'NJUGUNA OF KENYA. ALL 16 MEMBERS WERE REPRESENTED.

3. MAJOR ITEMS CONSIDERED WERE:

A) REPORT OF THE WG ON SUPPLY AND DEMAND. THE EXECUTIVE DIRECTOR (BELTRAO) GAVE AN ORAL REPORT OF THE WORK OF THE WG. HE NOTED THAT THE TASK ASSIGNED TO THE WG WAS 3-FOLD:

- I) TO PREPARE A SHORT-TERM STUDY
- II) TO PREPARE THE TERMS OF REFERENCE FOR A MEDIUM AND LONG-TERM STUDY; AND
- III) TO CONSIDER AND MAKE RECOMMENDATIONS FOR IMPROVING THE FLOW OF INFORMATION TO THE PUBLIC LIMITED OFFICIAL USE

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FROM THE ORGANIZATION.

BELTRAO POINTED OUT THAT THE WG WAS ABLE TO DEAL WITH ONLY THE FIRST TASK. THIS WAS REALIZED BY A PRESS RELEASE AND PUBLICATION OF A BACK-UP DOCUMENT (EB 1500). IN THE DISCUSSION THAT FOLLOWED, USREP EXPRESSED GENERAL SATISFACTION WITH BOTH DOCUMENTS. THE COLOMBIAN DELEGATE (SANTOS), HOWEVER, WHO HAD BEEN OBSTRUCTIONIST IN THE WG, MADE A LENGTHY STATEMENT OF RESERVATION ON BOTH THE DATA AND THE METHODOLOGY USED. COLOMBIA CLAIMED THE WG HAD IMPROPERLY USED STOCKS DATA, WITH THE RESULT THAT THE DOCUMENTS PRESENTED A MORE OPTIMISTIC PICTURE OF WORLD COFFEE SUPPLY THAN ACTUALLY IS THE CASE. HE CLAIMED COLOMBIA'S COFFEE STOCKS HAD BEEN IMPROPERLY VERIFIED BY THE ICO, AND THAT WORKING STOCK ADJUSTMENTS WERE TOO LOW. PRESENTING NO DATA IN SUPPORT OF THIS POSITION, SANTOS MAINTAINED THAT THE COLOMBIAN SITUATION STRONGLY SUGGESTED THAT WORLD STOCKS HAD BEEN GROSSLY OVERESTIMATED AS WELL. REGARDING THE

MEDIUM AND LONG-TERM STUDY, THE EXECUTIVE DIRECTOR SUBMITTED DRAFT TERMS OF REFERENCE WHICH THE BOARD CONSIDERED, AND APPROVED WITH ONLY MINOR ALTERATION, SUBJECT TO THE POSSIBILITY OF LATER AMENDMENT AND APPROVAL OF A BUDGET BY THE FINANCE COMMITTEE (SEE REFTEL).

B) FINANCE. THE REPORT OF THE FINANCE COMMITTEE WAS APPROVED. THIS INCLUDED AN ADDITIONAL ONE-FIFTH FOR A TOTAL OF ONE POST ADJUSTMENT, AN INTERIM 7 PER CENT COST OF LIVING SALARY INCREASE FOR STAFF EMPLOYEES, AUTHORIZATION OF FURTHER RENOVATIONS (PARTICULARLY FOR IMPROVING SECURITY) AND AN ADJUSTMENT IN THE PROVIDENT FUND SYSTEM TO BRING THE ICO IN LINE WITH OTHER LONDON-BASED ORGANIZATIONS.

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C) VERIFICATION OF STOCKS. THE REPORT OF THE EXECUTIVE DIRECTOR ON COFFEE STOCKS VERIFIED AS OF SEPTEMBER 30 1976 (EB 1488/77 ADD. 1 CORR.) WAS APPROVED. COLOMBIA STATED IT WAS PREPARED TO HAVE ITS STOCK VERIFICATION FIGURE REVISED DOWNWARD BY 600,000 BAGS, EVEN THOUGH SUCH ACTION MIGHT PREJUDICE FUTURE QUOTA ENTITLEMENTS. THE EXECUTIVE DIRECTOR EXPLAINED IN GREAT DETAIL PROCEDURES USED IN THE VERIFICATION OF COLOMBIA'S STOCKS, POINTING OUT THAT THE 1.8 MILLION BAG FIGURE HAD BEEN ARRIVED AT COMPLETELY IN ACCORDANCE WITH REGULATIONS AND THAT COLOMBIA HAD NOT CHALLENGED THE 1.8 MILLION BAG FIGURE AT THE TIME. A LETTER SUBMITTED BY COLOMBIA CLAIMING THAT ITS STOCK FIGURES WERE INFLATED BY 600,000 BAGS OF NEW CROP COFFEE WAS "NOTED" BY THE BOARD, WITH NO ACTION TAKEN ON IT.

D) SYSTEM OF CERTIFICATES OF ORIGIN. THE EXECUTIVE DIRECTOR REPORTED THAT THE SYSTEM WAS NOT WORKING SATISFACTORILY WITH SOME 30-40 PER CENT OF CERTIFICATES STILL UNMATCHED FOR LAST OCTOBER.

4. COMMENT. COLOMBIAN TACTICS IN THE BOARD MEETING AND DURING THE EARLIER WORKING GROUP MEETINGS HAVE ANNOYED AND PUZZLED OTHER MEMBERS. SANTOS SEEMED TO BE UNDER TIGHT INSTRUCTIONS FROM BOGOTA. DURING THE BOARD MEETING BRAZIL AND OAMCAF SPOKE OUT STRONGLY AGAINST THE COLOMBIAN POSITION, AS DID THE U.S. BRAZIL AND OAMCAF SEEMED PARTICULARLY CONCERNED THAT COLOMBIAN TACTICS MIGHT UNDERMINE THE INTEGRITY OF THE SYSTEM OF STOCK VERIFICATION.

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Message Attributes

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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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